

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 19, 2005

In Reply Refer To:
Southern Star Central Gas Pipeline, Inc.
Docket No. RP04-276-003

Southern Star Central Gas Pipeline, Inc.
4700 Highway 56
P.O. Box 20010
Owensboro, KY 42304-0010

Attention: Daryl R. Johnson, Vice President
Rates and Regulatory

Reference: Interim Rate Reduction Filing

Ladies and Gentlemen:

1. On April 30, 2004, Southern Star Central Gas Pipeline, Inc., (Southern Star) filed a general Natural Gas Act section 4 rate case in Docket No. RP04-276-000. On May 28, 2004, the Commission issued an order accepting and suspending the tariff sheets for five months and establishing a hearing on Southern Star's proposal.¹ Southern Star's proposed rates became effective November 1, 2004, at the end of the suspension period, subject to refund.

2. In the subject filing, Southern Star states that it reached a settlement in principle with its shippers on its total cost of service and all other issues involved in this rate proceeding. Southern Star plans to file a proposed Stipulation and Agreement with the Commission. However, as part of its negotiated settlement, Southern Star agreed to file reduced interim rates that would become effective December 1, 2004, and remain in

¹ 107 FERC ¶ 61,222 (2004), *reh'g granted and denied*, 108 FERC ¶ 61,178 (2004), errata issued August 23, 2004.

effect on a month-to-month basis until the Commission approves any Stipulation and Agreement in the rate proceeding. Accordingly, in the subject filing, Southern Star files revised tariff sheets² proposing its reduced interim rates to become effective December 1, 2004. The tariff sheets generally establish reduced rates for all transportation and storage services. Southern Star conditions effectuating its reduced interim rates on its right to prospectively reinstate its original November 1, 2004, motion rates should it fail to tender the Stipulation and Agreement with the Commission, or should the Commission not approve it.

3. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2004)). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214. No party filed a protest or adverse comments.

4. We grant waiver of the notice period and accept Southern Star's revised tariff sheets effective December 1, 2004, as proposed, subject to refund and the outcome of Southern Star's rate proceeding in Docket No. RP04-276-000. However, consistent with Commission action in *Texas Gas*,³ we advise Southern Star that it is at risk for any under-collection resulting from the difference between its lower interim rates and the rates on file. Also, Southern Star may reinstate its existing motion rates provided that it gives shippers the 30-day notice period required by the Natural Gas Act. Finally, should Southern Star choose to reinstate its original motion rates, it may only do so prospectively. This acceptance benefits the public by implementing reduced interim rates for Southern Star's shippers pending settlement by the parties.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.

² Fourth Revised Sheet Nos. 10 and 11 to its FERC Gas Tariff, Original Volume No. 1.

³ *Texas Gas Transmission Corporation*, 95 FERC ¶ 61,030 (2001).

cc: All Parties

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